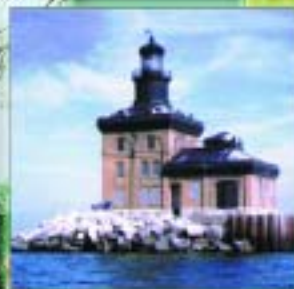


## Popular Annual Financial Report



Issued by Larry A. Kaczala  
Lucas County Auditor



# Award for Outstanding Achievement in Popular Annual Financial Reporting

PRESENTED TO

**LUCAS COUNTY,  
OHIO**

For the fiscal year ending  
December 31, 2002



*Edward Herrington*  
President  
*Jeffrey L. Esser*  
Executive Director

Cover photos: The Scarlet Tanager, courtesy of the Metroparks of the Toledo Area; Maumee Bay Resort, Toledo Lighthouse and The Toledo Museum of Art photos courtesy of the Greater Toledo Convention and Visitors Bureau; and the Zebra photo courtesy of The Toledo Zoo. Also pictured are the Lucas County Bicentennial Barn, Fifth Third Field and the Lucas County Courthouse.

*"The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to Lucas County, Ohio for its Popular Annual Financial Report for the fiscal year ended December 31, 2002. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports."*

*In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal. An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA."*

## Citizens of Lucas County:

I am pleased to present the Lucas County Popular Annual Financial Report (PAFR) for the fiscal year ended December 31, 2003. The report provides a brief analysis of where County revenues come from and where those dollars are spent, as well as an overview of trends in the local economy. Above all, it is designed to present a more easily understandable financial report.

Information in this report has been taken from the 2003 Lucas County Comprehensive Annual Financial Report (CAFR). The CAFR is comprised of more than 200 pages of detailed financial statements, notes, schedules and reports. The CAFR was audited by Ernst & Young, LLP, and received an unqualified opinion. (That's good!)

The Popular Annual Financial Report, which has been generated internally by the Lucas County Auditor's Office, summarizes the financial activities of the primary government of Lucas County. The reports and statements contained in the PAFR condense and simplify our 2003 Comprehensive Annual Financial Report for all Lucas County funds and account groups. The PAFR does not conform to Generally Accepted Accounting Principals (GAAP) and governmental reporting standards. (Means you can read it.)

The Popular Annual Financial Report of Lucas County is presented as a means of increasing public confidence in County government and its elected officials through easier, more user-friendly financial reporting. As you review our Popular Annual Financial Report, I invite you to share any questions, concerns or recommendations you may have.

Sincerely,

*Larry A. Kaczala*

Larry A. Kaczala  
Lucas County Auditor





# The Lucas County Auditor's Office

## STEWARDS OF PUBLIC FUNDS

### General Accounting/Fiscal Officer

The Lucas County Auditor is the watchdog of County funds. As the County's chief financial officer, it is the Auditor's responsibility to:

- Account for the millions of dollars received by the County each year.
- Issue payments for all County obligations—including the distribution of tax dollars to the townships, villages, cities, school districts, libraries and other County agencies.
- Administer and distribute tax and license revenues including real estate taxes, personal property taxes, motor vehicle license fees, gasoline taxes, estate taxes, manufactured home taxes and local government funds.
- Administer the County payroll.
- Produce the County's annual financial report as required by law.

### Weights and Measures

The Lucas County Auditor's office helps protect County residents and businesses by ensuring that all commercial weighing and measuring devices are accurate. Gas pumps, price scanners, and meat and produce scales are checked regularly. This year, the Auditor's office inspected 5,467 devices at 573 locations throughout the County.

### Real Estate Taxes and Rates

The County Auditor cannot raise or lower property taxes. Tax rates are determined by the budgetary requests of each government unit, as authorized by the vote of the people. Rates are computed in strict accordance with procedures required by the Ohio Department of Taxation, Division of Tax Equalization. Each year, the Auditor prepares the

General Tax List. Your tax bill is based on the tax rate multiplied by your valuation on this tax list. This is your proportional share of the cost of operating your local government, including schools, townships, villages and the County.

Under Ohio law, the amount of taxation without a vote of the people is limited to 10 mills (\$10 per \$1,000 of assessed valuation). County residents must vote any additional real estate taxes for any purpose. Your "tax rate" is the total of all these levy and bond issues.

### Real Estate Appraisal and Assessment

Lucas County has nearly 198,000 separate parcels of property. It is the job of the Auditor's office to ensure that every parcel of land and the buildings on it are fairly and uniformly assessed for tax purposes.

A general appraisal is conducted every six years and is updated every three years. The office maintains a detailed record of the appraisal of each parcel in the County. The records are open to the public. For taxation purposes, property owners are assessed at 35 percent of fair market value.

### Mobile Home Assessment

The Auditor's office is also charged with assessing taxes on manufactured housing (mobile homes). Under Ohio law, mobile home owners must register their homes with the Auditor's office for tax purposes. The Auditor assesses each manufactured home annually and prepares a tax list. The manufactured home tax is distributed back to the local taxing districts (municipalities, townships and schools) in the same manner as real estate taxes.

### Personal Property Tax

The Auditor's office also administers the state's tangible personal property tax laws. Generally speaking, anyone in business in Ohio is subject to tangible personal property tax on equipment, furniture, fixtures and inventory used in business. The tax is distributed back to the local tax districts like real estate taxes.

### Licensing

Licenses for dogs, kennels, vendors and cigarettes are all issued by the Auditor's office. Lucas County annually issues approximately 62,000 dog licenses. Vendor licenses authorize businesses to sell tangible property to the public and collect sales tax, a part of which is returned for use on the local level.



Photo courtesy of the Toledo Zoo

*The Toledo Zoo remains one of the premier zoos in the country. Visitors come to Toledo's top tourist attraction from all over the country to see intriguing exhibits, including the newest exhibit, Africa! and the Arctic Encounter.*





## A BRIEF HISTORY OF LUCAS COUNTY

The County was formed by an Act of the Ohio General Assembly on June 20, 1835, in honor of Robert Lucas, then Governor of Ohio. The elected three-member Board of County Commissioners acts as both the legislative and executive branch of the County. Each Commissioner serves a term of four years. In addition to the County Auditor, who serves as chief fiscal officer, there are seven elected administrative officials who operate independently as set forth by Ohio law. These officials are: Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Recorder, Sheriff and Treasurer. All of these officials serve four-year terms.

Lucas County is in the center of a trade area comprised of 14 counties in northwestern Ohio and southeastern Michigan with a total population of approximately 1.25 million people. Located in the central portion of a triangle formed by the cities of Chicago, Detroit and Cleveland, the County is in the Toledo Metropolitan Statistical Area (MSA). The Toledo MSA is the 62nd largest of the 284 MSAs and Consolidated Metropolitan Statistical Areas (CMSAs) in the United States.

Its strategic location, strong manufacturing base and skilled workforce helped Lucas County prosper in 2003.

Among the largest service sector employers in the Toledo MSA are public higher educational institutions, health care providers, government, public utilities, freight and transportation companies, financial institutions and retailers.

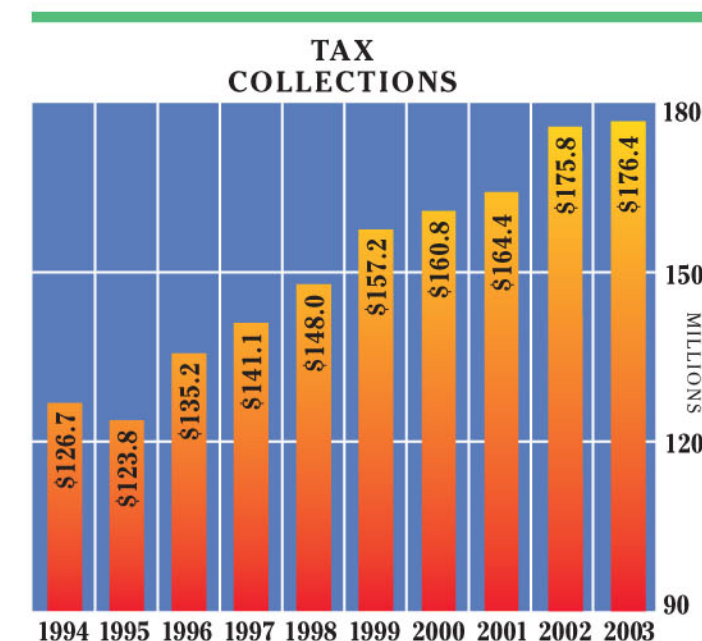
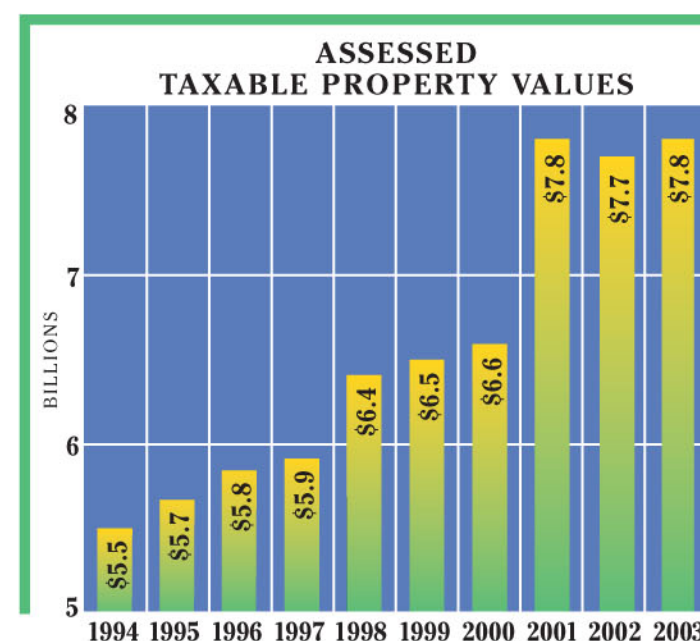
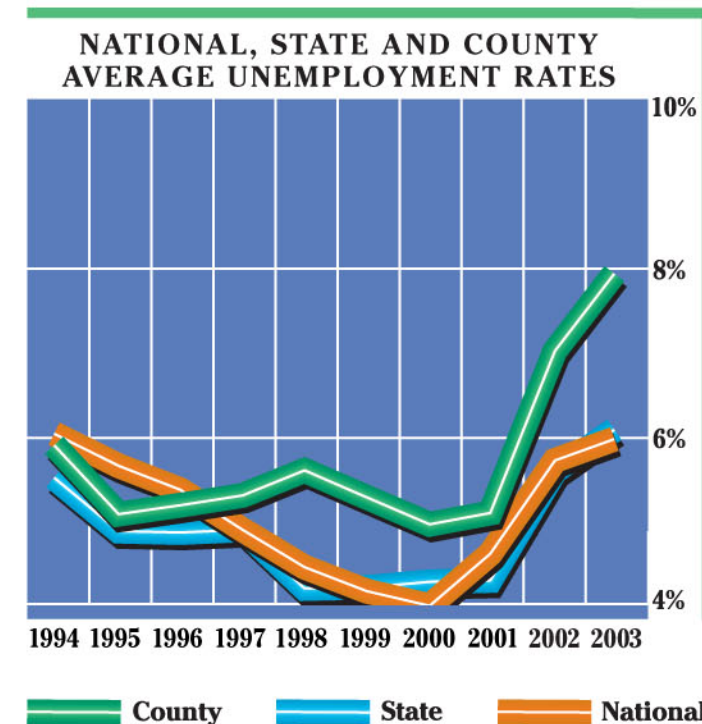
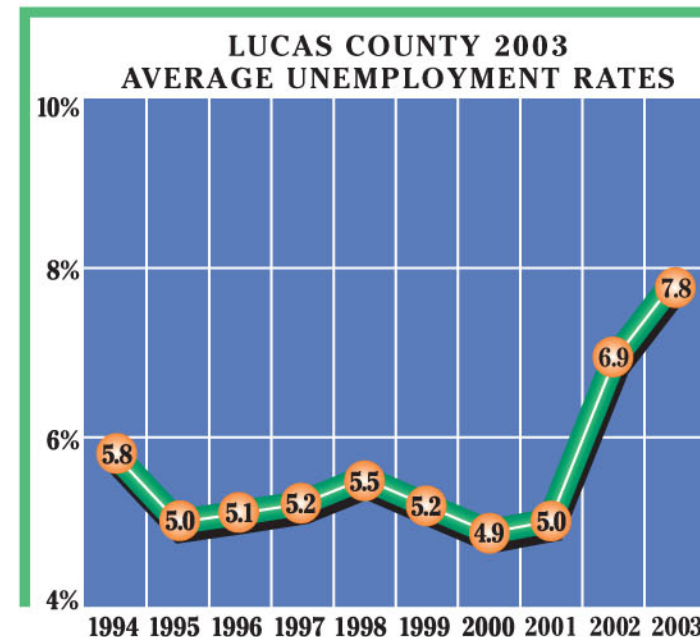
## Unemployment

The County's unemployment rate for 2003 was 7.8 percent, which is higher (0.9%) than a year ago. The increase in unemployment in Lucas County mirrored state-wide and nation-wide trends. County unemployment is somewhat higher than the statewide rate of 6.1 percent, and the national rate of 6.0 percent.

The area's workforce is also one of the most productive in the state and nation. Toledo leads Ohio MSAs in Manufacturing Productivity and placed in the top third of all MSAs nationwide.

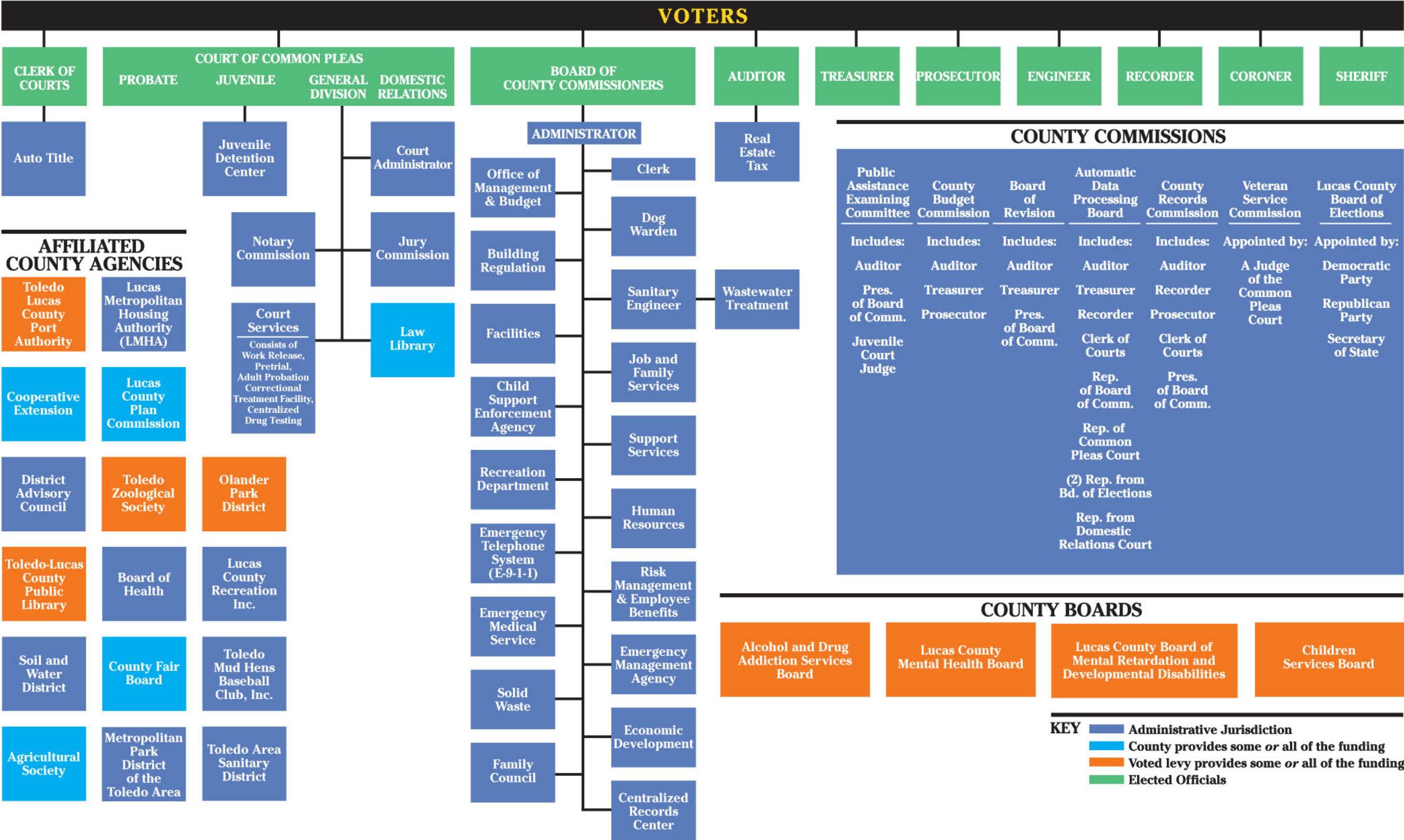
## A Strong Economy

Along with a strong manufacturing base that includes the DaimlerChrysler Jeep plants, Lucas County is home to three 2003 Fortune 500 corporations. Corporate headquarters for Owens Corning, Dana Corporation and Owens-Illinois are located here. The County is also one of the largest oil refining centers between Chicago and the eastern seaboard with BP Amoco Toledo Refinery and Sunoco MidAmerica Marketing and Refining. Another indicator of the strong economy is the increase in property values and tax collections. Property values have increased by 41.8 percent and tax collections have increased by 39.2 percent over the last 10 years.





# Your Lucas County Government





# Major County Initiatives



## Current Year Projects

Lucas County continues to promote economic development throughout the area. Lucas County officials and management continue to work closely with state and local governments, corporations, companies, small businesses, labor unions and charitable organizations to improve and expand business opportunities and the standard of living. The following are highlights of some of the activities Lucas County is concerned with:

- Construction was completed on the new 38,000 square foot Sixth District Court of Appeals. This project was a partnership between Lucas County and the seven other counties that comprise the appellate courts jurisdiction. Long-term bonds were issued this year for \$6.2 million. Lucas County is responsible for 50 percent of the debt while the seven other jurisdictions' debt is tied to the population in those counties based on the 2000 Census.
- Implementation of the first phase of the County's integrated new Human Resources/Payroll Procurement/

Accounts Payable and General Ledger Accounting System was completed. The Human Resources/Payroll system was placed into service in April 2003, and will be followed by the General Ledger/Accounting system in

2005. The County has initiated workflow studies to take advantage of the automated features of the software.

- The County is constructing and equipping a business continuation center (emergency backup computer system). The cost is estimated to be approximately \$1 million.

- Lucas County joined with the Toledo/Lucas County Port Authority, the Regional Growth Partnership, the City of Toledo and Manitowoc to construct a "High Bay Facility" at the Toledo shipyard. This proposed ship building facility would be used by Manitowoc to construct ships for the U.S. Coast Guard starting in 2004.

- The County implemented the first phase of a multi-departmental document-imaging project. Using digital document imaging, the County expects to improve the storage and retrieval of public records. The costs of this system will be spread among various internal operating funds.

## Future Projects

The County will continue to provide a variety of services required to meet the needs of its citizens and actively support economic development in the area. We look forward to the following significant activities made possible by the citizens of Lucas County and its government:

- The State of Ohio designated Lucas County as a Local Area for purposes of the Workforce Investment Act of 1998, which prompted the proposed establishment of a One Stop location for the convenience of business and the job seeker. The new One Stop location called "The Source" will be dedicated in the Summer of 2004. In this center, community partners will be located to provide career services to assist employers in finding qualified individuals for employment. The center will also assist individuals in obtaining training to meet demand occupation skills.
- The Board of Elections will be working closely with the State of Ohio to implement the federal Help America Vote Act. The new electronic elec-

tion system will replace the current lever system. The new system, at an estimated cost of \$7 million, is expected to be in place for the 2004 Presidential Election with a significant portion of the cost to come from federal funds. The County has set aside \$1.5 million in the Capital Improvement fund for the County's match.

- Lucas County has loaned \$500,000 to the Toledo/Lucas County Port Authority to assist in the development of a coking and electric generation facility along the east side of the Maumee River in Lucas County. During Phase I of the project, this facility will generate 120 to 150 high paying jobs in Lucas County.
- The Board of County Commissioners has approved \$1.5 million in the Capital Improvement Plan to renovate and reconstruct the secured underground parking and tunnel between the Lucas County Corrections Center and the Lucas County Courthouse. The tunnel is used in the transportation of prisoners from the Correction Center to trial in the Common Pleas Court.
- Expansion of the existing 15 million gallon per day Maumee River Wastewater Treatment plant to a 22.5 million gallon a day facility. This expansion will accommodate the existing demand and future growth in Western Lucas County through 2025. The projected cost is \$15.5 million.



*The Metroparks of the Toledo Area provide Lucas County residents a place to exercise and enjoy the outdoors in a leisurely environment. The system is comprised of nine metroparks throughout the area.*





# Financial Activity Statement

## SUMMARY

The Financial Activity Statement, known in accounting terms as the "Income Statement," provides a record of the money received and spent during the year. Explanations of specific Resources and Services are provided on the following pages.

## LUCAS COUNTY FINANCIAL ACTIVITY STATEMENT

Resources Received	2003	2002
Taxes	\$180,161,000	\$188,833,000
Charges for Services	39,186,000	37,899,000
Intergovernmental Revenue	191,153,000	195,713,000
Investment Income	5,906,000	8,468,000
Miscellaneous	45,722,000	38,580,000
<b>Total Resources Received</b>	<b>\$462,128,000</b>	<b>\$469,493,000</b>

### Services Rendered

Legislative & Executive	\$41,924,000	\$40,040,000
Judicial	54,861,000	54,451,000
Public Safety	59,439,000	57,112,000
Public Works	35,167,000	27,746,000
Health	89,542,000	92,265,000
Human Services	119,365,000	111,321,000
Conservation & Recreation	8,950,000	6,052,000
Miscellaneous	18,732,000	15,832,000
Interest and Fiscal Charges	5,840,000	6,809,000
Business-Type Activities	14,821,000	14,025,000
<b>Total Services Rendered</b>	<b>\$448,641,000</b>	<b>\$425,653,000</b>

<b>Resources Received over Services Rendered</b>	<b>\$13,487,000</b>	<b>\$43,840,000</b>
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### Resources

Resources Received are monies the County receives from a variety of sources in order to pay for the services it provides.

Taxes are resources that include sales tax, real estate tax, personal property tax and a variety of other smaller taxes.

Charges for Services are resources from various County departments and agencies for fees paid to them by the public, such as court costs and fees for recording deeds and transferring property.

Intergovernmental Revenue is grants or reimbursements to the County from other governmental agencies.

Investment Income is interest earned, realized gains and unrealized gains on County investments.

Miscellaneous Resources received are non-revenue receipts that cannot be classified in any other category.

### Services Rendered

Services Rendered are the funds spent to provide services to citizens.

Legislative and Executive expenditures are the expenses incurred for administrative offices including the Auditor, Commissioners, Prosecutor, Recorder and Treasurer.

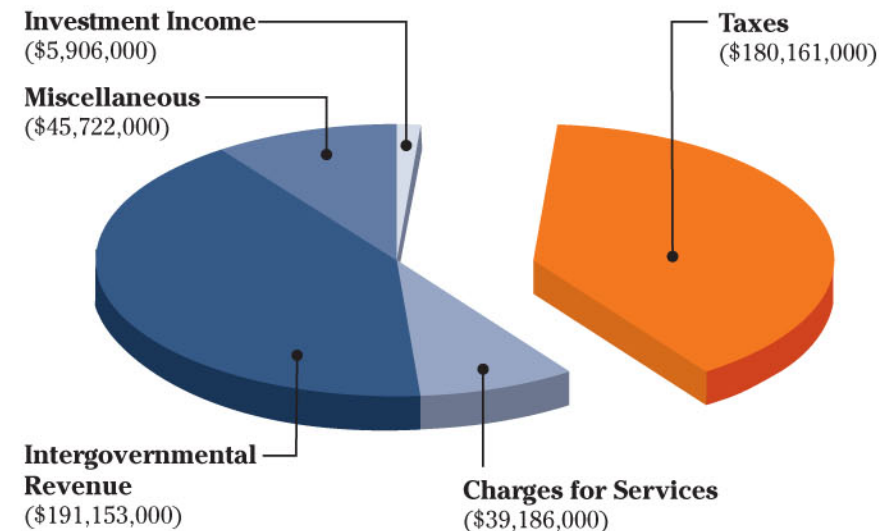
Judicial expenditures are the costs of administering justice through the Lucas County Courts, which include the Courts of Common Pleas, Juvenile and Domestic Relations.

Public Safety expenditures are the costs of the Coroner, Probation and Sheriff Departments.

Public Works expenditures are the costs incurred to maintain County roads and bridges.

Health Expenditures include services provided by the Board of Mental Retardation/Developmental Disabilities

## RESOURCES RECEIVED



and the Lucas County Mental Health Board to maintain public health.

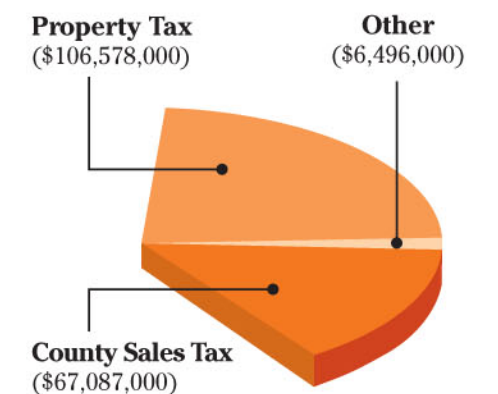
Human Services expenses are the costs of the Job and Family Services Department and Children Services Board.

Conservation and Recreation expenditures are the costs to maintain the County parks and for preserving County lands, including litter prevention.

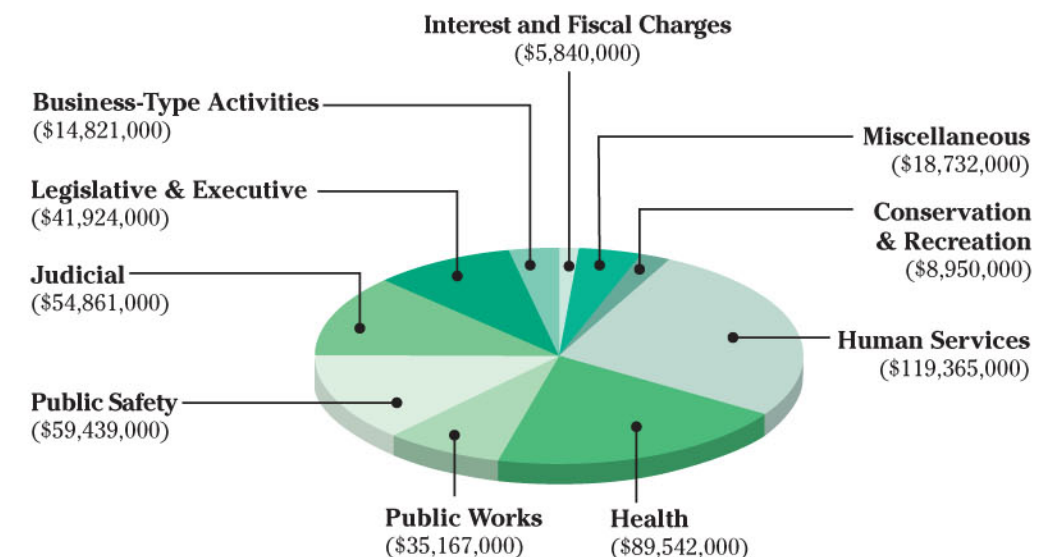
Business-type activities are services that are self-supporting through user charges. These include the Water Supply System, the Wastewater Treatment System and the Sewer System.

Resources Received over Services Rendered decreased by approximately \$30 million. This is due to a decrease in tax revenue and investment income, due to a sluggish economy, accompanied by an increase in expenditures in nearly every category.

## DETAILS OF TAX REVENUES



## SERVICES RENDERED





# Financial Position Statement

## SUMMARY

The Financial Position Statement, known in accounting terms as the "Balance Sheet," provides a picture of the County's Financial Position at the end of the year. Explanations of specific accounts follows:

### LUCAS COUNTY FINANCIAL POSITION STATEMENT

Financial Benefits	2003	2002
Cash	\$20,630,000	\$28,353,000
Investments	195,730,000	199,323,000
Receivables	170,272,000	163,915,000
Property & Equipment	366,100,000	369,939,000
Other Assets	798,000	566,000
<b>Total Financial Benefits</b>	<b>\$753,530,000</b>	<b>\$762,096,000</b>

#### Financial Burdens

Amounts Owed to Employees and Vendors	\$34,857,000	\$46,299,000
Short Term Debt	10,415,000	15,720,000
Long Term Debt	106,559,000	110,673,000
Other Financial Burdens	28,797,000	29,989,000
<b>Total Financial Burdens</b>	<b>\$180,628,000</b>	<b>\$202,681,000</b>

<b>Total Financial Benefits over Financial Burdens</b>	<b>\$572,902,000</b>	<b>\$559,415,000</b>
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Readers of the Financial Position Statement and the Financial Activity Statement should keep in mind that these statements are presented on a non-GAAP basis, and those desiring to review GAAP basis reports would refer to the County's Comprehensive Annual Financial Report for 2003. Copies of the CAFR may be obtained from the Lucas County Auditor's office.



**Warning:** The following information may be hazardous to non-accountants! Non-GAAP means that the statements do not comply with generally accepted accounting principles. The statements include summarizations and combinations of accounting data that would not be allowed by GAAP.

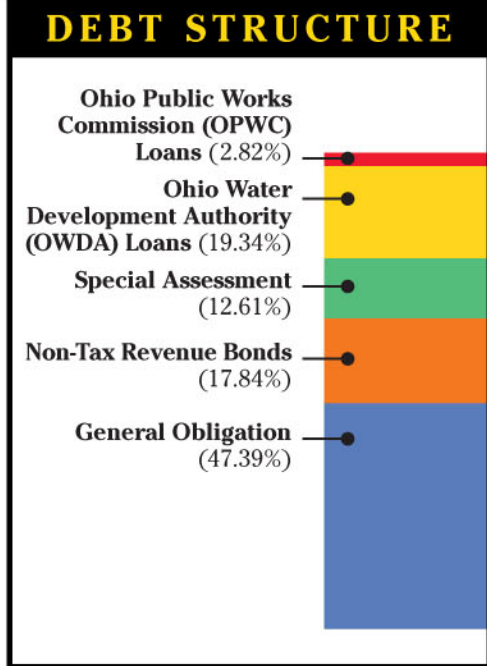
#### Benefits

Cash is the amount of physical cash held by the County in checking accounts and on-hand to pay expenses.

Investments are funds not needed to pay current expenses that the Treasurer invests in a variety of securities such as U.S. Treasury Notes and U.S. Treasury Bills. This allows the County to earn interest on its surplus cash.

Receivables are amounts owed to the County which are expected to be paid over the next 12 months. This would include real estate taxes and special assessments.

Property and Equipment represents the water and sewer plants, infrastructure, land, buildings, vehicles, furniture and equipment that provide an economic benefit of greater than one year.



#### Burdens

Amounts Owed to Employees and Vendors are funds the County owes individuals and companies who supply goods or services and the expected payment is to be made within 12 months.

Short Term Debt represents amounts borrowed by the County that must be repaid within one year.

Long Term Debt represents the amount of bonds and loans the County has issued and still owes. Bonds do not have to be paid off in one year. The County makes yearly debt payments on these amounts.

## BENEFITS OVER BURDENS

### Differences

This amount represents the difference between the financial benefits of the County and the burdens that it must pay. The amount provides the net worth of the County.

### LUCAS COUNTY 2003 SUMMARY OF DEBT OBLIGATIONS

	Balance at 1/01/03	Additions	Deletions	Balance at 12/31/03
General Obligation	\$53,200,000	\$6,260,000	\$8,960,000	\$50,500,000
Special Assessment	13,159,000	990,000	709,000	13,440,000
Non-Tax Revenue Bonds	19,520,000	—	515,000	19,005,000
OWDA Loans	21,755,000	478,000	1,625,000	20,608,000
OPWC Loans	3,039,000	441,000	474,000	3,006,000
<b>Total</b>	<b>\$110,673,000</b>	<b>\$8,169,000</b>	<b>\$12,283,000</b>	<b>\$106,559,000</b>



# Lucas County Elected Officials

– as of December 31, 2003

## ADMINISTRATORS

Larry A. Kaczala  
*Auditor*

Bernie Quilter  
*Clerk of Courts*

James R. Patrick, M.D.  
*Coroner*

Harry Barlos  
*Commissioner (president)*

Maggie Thurber  
*Commissioner*

Tina Skeldon Wozniak  
*Commissioner*

Keith Earley  
*Engineer*

Julia R. Bates  
*Prosecutor*

Sue J. Rioux  
*Recorder*

James A. Telb  
*Sheriff*

Ray T. Kest  
*Treasurer*



**Larry A. Kaczala**  
**Lucas County Auditor**  
**One Government Center**  
**Suite 600**  
**Toledo, Ohio 43604-2255**  
**(419)213-4340**

## JUDGES

James D. Bates  
*Common Pleas Court*

J. Ronald Bowman  
*Common Pleas Court*

Robert G. Christiansen  
*Common Pleas Court*

Charles J. Doneghy  
*Common Pleas Court*

Patrick J. Foley  
*Common Pleas Court*

Ruth Ann Franks  
*Common Pleas Court*

James D. Jensen  
*Common Pleas Court*

Frederick H. McDonald  
*Common Pleas Court*

William J. Skow  
*Common Pleas Court*

Charles S. Wittenberg  
*Common Pleas Court*

David E. Lewandowski  
*Domestic Relations Court*

Norman G. Zimmelman  
*Domestic Relations Court*

James A. Ray  
*Juvenile Court*

Lynn Schaefer  
*Juvenile Court*

Jack R. Puffenberger  
*Probate Court*

Peter M. Handwork  
*Sixth District Court of Appeals*

Richard W. Knepper  
*Sixth District Court of Appeals*

Judith A. Lanzinger  
*Sixth District Court of Appeals*

Mark L. Pietrykowski  
*Sixth District Court of Appeals*

Arlene Singer  
*Sixth District Court of Appeals*